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USSR Report

ECONOMIC AFFAIRS

(FOUO 7/82)



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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

EFFECTIVE UTILIZATION OF CAPITAL INVESTMENT AND FIXED CAPITAL

Tallinn TEHNIKA JA TOOTMINE in Estonian No 2, Feb 82 pp 22-24

[Article by L. Kukke, Candidate of Economics, Institute of Economics, ESSR Academy of Sciences]

/Passages in boldface enclosed in slantlines/

[Text] The 25th and 26th CPSU Congresses set the long-term course for the economic and social development of our country--a course toward raising the national standard of living through more extensive and effective economic activity. This course requires that productive potential be improved, strengthened, and used sensibly.

Since labor is strictly limited, a rational use of capital investment and fixed capital will become the determining factor in increasing the intensity and effectiveness of production. Having addressed the most urgent questions of economic development at the 1981 CPSU November plenum, Comrade L. Brezhnev stated that next to the food problem, capital construction presented the second decisive segment of the five-year period. A basic change must be achieved to increase the effectiveness of capital investment. For the first time in the history of planned national economy, national income will exceed the growth of capital investment. This is illustrated by the following data (20, pp 39, 41, 43, 333; 4).

	Growth in Capital Investment (Percentage of Previous Five-Year Period)	Growth in National Economy
1971-1975	42	32
1976-1980	29	23
1981-1985 (plan)	10.4	18

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Such a relationship between production and capital investment requires the application of comprehensive measures to increase the effectiveness of capital investment and fixed capital. Such measures have been outlined in the decisions of the 25th and 26th CPSU congresses, the materials of the 1981 CPSU November plenum and the 6th session of the 10th USSR Supreme Soviet, and the CPSU Central Committee and the USSR Council of Ministers directive "On improvement of planning and strengthening of the influence of the economic mechanism on increased production efficiency and work quality."

Next, let's discuss some of these measures in more detail.

In his report to the 26th CPSU Congress Comrade L. Brezhnev stressed that the 11th five year period would be "characterized by a general concentration of forces to speed the construction and the coming on line of enterprises able to insure the greatest increase in production, and a widening of bottlenecks." (2, p 49). This would secure a more effective use of capital investments. From the standpoint of increasing the effectiveness of capital investments it is especially important that the proportion of funds allocated for replenishing fixed capital and for new construction be changed. Since the former is the only way to intensify expanded reconstruction, the proportion must change in favor of fixed capital replenishment.

Compared to new construction /the reconstruction and technical retrofitting of plants has several advantages./

First, investments made for modernization, reconstruction, and technical retrofitting will pay for themselves up to three times as fast as investments in new construction. Utilization of productive capacity will increase.

Second, with retrofitting the proportion of construction and installation expenses within capital investment budgets will decrease. The role of active fixed capital will increase, while that of capital investment will decrease. It should be noted that construction and installation expenses within capital investment budgets of our republic's production facilities decreased in the 8th, 9th, and 10th five year period by 4-5 percent.

Third, modernization, reconstruction, and retrofitting often result in a more practical labor use. After all, labor expended for site preparation, auxiliary construction, road construction, etc., is avoided or reduced. This is a precondition for increased productivity.

In our country the role of assets devoted to reconstruction is a relatively important one within total capital investments, but it is still insufficient to effectively intensify the economy and increase its effectiveness. With this in view, plans were made to increase funds for retrofitting and reconstruction of existing industries by 21.2 percent; their proportion within all industrial capital investments will amount to 32.5 percent (29.2 percent in the 10th five year period).

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At the same time the importance of an extensive increase of productive capacity must not be underestimated. But new construction should take place only when it is urgently needed (i.e., when even reconstruction of existing facilities will not increase production to the required degree) or if it permits a broader application of scientific and technical achievements and results in higher labor productivity.

An essential reserve for increasing the effectiveness of capital investment consists /of strict adherence to plan discipline./ Here, too, we have weaknesses. There were difficulties in our republic in fulfilling the capital investment plan of the 10th five year period. It was met monetarily and largely also by projects, but in the service area (cultural edifices, nursery schools, and hospitals) and in some industries the construction and installation plan was not met. This was due to inconsistencies between construction capabilities and plans, and deficiencies in the work of construction organizations.

In order to strengthen plan discipline the number of projects under construction at one time must be reduced. Only such projects may be included that are backed up by plans, construction capability, and the limits of capital investment.

According to the 26th CPSU Congress guidance and the 1981 CPSU Central Committee November plenum, it is especially important that the projects and resources be balanced. This requires that material-technical supply become more efficient, and that strict conservation in resource utilization be practiced. In order that the capital construction plan be brought into conformance with resources and construction capacity the government found it necessary to initially reduce the amount for capital construction included in the 11th Five Year Plan by 30 billion rubles. Plan discipline is also strengthened by improved planning, especially by adoption of continuous planning.

The central direction for improving the effectiveness of capital investment /lies in the reduction of their use cycle./ According to the above-mentioned party and government directives the interest of construction and installation organization in a faster conclusion of projects and in putting them on line will be increased by implementation of accounting procedures regarding those completely finished plants, stages, units, etc., that are ready to commence production of offer services.

The use cycle of capital investment can also be shortened by better job coordination. At the same time this allows for implementing scientific and technical progress. This task is best filled by compilation and use of comprehensive plans. These programs allow for coordination between the various stages of use of capital investments and scientific and technical development (birth of a scientific idea, development and experimentation, and implementation), provide for planned milestones, reduce lead times to a minimum, and provide for a faster implementation of the results in the economy.

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At the 26th CPSU Congress such effective forms of joining science and production as scientific-production collectives were praised. At the same time they shorten the use cycle of capital investments. In such collectives it is possible to join or synchronize the activities of all or most of the concerned links. The cooperation is coordinated by one and the same management who is also interested in maximum results. Our republic has already had some experiences in this area. Almost all branches of the national economy and industry have producing collectives and enterprises with their own institute, laboratory, development bureau, and experimental station. It is necessary that besides solving scientific-technical problems of production, these collectives pay more attention to raising the effectiveness of capital investment.

One way to use capital investment better is /to assure that it is correctly balanced between the branches of the industry./ This balance must be in conformance with the comprehensive development of towns and rayons. During the current five year period particular attention will be directed to the development of the food industry; therefore, somewhat more resources will be devoted to foster industries supplying agriculture with productive means and processing agricultural products efficiently, and at the same time more resources will be granted directly to agriculture to expand production of feeds and agricultural products, and to improve their preservation. The latter is especially important, since storage losses of potatoes, vegetables, and fruits are large and do not seem to be declining. Capital investments for warehouse construction will increase 1.6 times, for intra-farm hard surface roads 1.4 times. Warehouses must also be built in towns. This allows for transportation of agricultural products directly to the stores and dining facilities, and reduces storage loss.

From the standpoint of achieving good results, an increase of capital investments in the basic branches of industry is of decisive importance. In the 11th five year plan large sums will also be expended to develop transportation. As a result of increased investments /the volume of fixed capital has steadily increased, its structure has advanced, and its productivity has increased./ For example, in 1971-1980 our country began exploitation of fixed capital in a value of almost 1049 billion rubles, including almost 7 billion rubles in the ESSR. The total volume of fixed capital in this period increased 2.16 times in the USSR as a whole, 1.93 times in the ESSR (20, p 328).

In the last 10 years more than 3000 large state industrial enterprises were constructed in the Soviet land, more than 10,000 enterprises were reconstructed or expanded to conform with modern technology. In the ESSR mighty complexes were producing ammonia and sulfuric acid were completed in the 10th five year period, as were several projects for producing complex fertilizers. The first block of the Iru Energy Station was built. In the oil shale industry capacity was increased by 3.5 million tons of oil shale a year. In Pussi a modern particle board plant for furniture parts was finished. Fundamental reconstruction work at the Sindi Textile Factory imeni 1 December was performed. Several production projects in

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transportation, trade, etc., were also completed; the material-technical base of agriculture was expanded.

The extent of fixed capital equipage was increased markedly. For example, fixed capital per an industrial worker in the USSR amounted to 7,100 rubles in 1970, in 1980 it was 13,400. In the agriculture of our country fixed capital rose by more than 2.4 times. (19).

The increase of technical equipment is the basis for increased productivity. The latter is usually the higher the greater the amount of fixed capital. Generally, labor productivity depends on the use of fixed capital; productivity increases as fixed capital use improves, with the final expression of this being an increase of production per ruble of fixed capital, or profitability. From the standpoint of effective use of fixed capital it is also important that profitability be accompanied by a rise of quality, decrease of costs, and improvement of working conditions. Profitability is an important indicator of fixed capital use. Generally it is expressed as a relationship between production and fixed capital, but it can also be expressed as a relationship between labor productivity and fixed capital. Consequently, when labor productivity increases faster than fixed capital, profitability increases (and vice versa).

The national economy of the USSR as a whole, and also of the ESSR has been characterized for some time by a tendency of lower profitability. From 1971-1980 labor productivity in our country increased 1.46 fold, fixed capital, however, increased considerably faster in the basic branches of the national economy. The tendency of lower investment returns is also evident from the relationship of production and fixed capital increases. The latter is evident from the following data for 1971-1980 (20, pp 41, 52, 379; 11, p 47)

	Production	Fixed Capital
USSR as a whole	162	216
ESSR	161	193

The decrease of returns is due to many factors, including objective ones. For example, due to bad weather agricultural production in recent years has increased much more slowly than expenses made to strengthen the material-technical base of farming. In some industries the decrease of returns is also due to difficulties in obtaining certain raw materials, especially due to more difficult mining conditions. For this reason, returns in these branches have decreased faster than in the industry as a whole. An illustration of this is provided by a comparison of various total productions and capital assets in our country (1971-1980 growth rates in percent) (20, pp 127 and 141).

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	Total Production	Fixed Capital
Total industry	178	216
Fuel industry	154	212
Iron industry	141	193
Machine construction and metal industry	256	253
Food industry	140	188

Mostly, however, diminished returns are due to imperfect use of productive potential. Discussing this question at the 26th CPSU Congress Comrade L. Brezhnev stressed: "There are great opportunities in better use of productive resources--machines, implements and transportation facilities. Reduction of downtime, increases in turnover rates, and design of technical plans to save raw materials--efforts must be concentrated in these areas." (2, p 52)

The level of fixed capital use is greatly determined by the effectiveness of capital investments made to create new technology. For example, the efficiency of fixed capital depends primarily on the structure of capital investments.

A considerable reserve for increased returns lies in the improvement of the technical level of fixed capital, with the basic thesis being, as stated above, that operating enterprises be reconstructed to conform to modern technology, and that machinery be modernized. It is useful to modernize machinery in the course of a general overhaul. The faster outdated technology is replaced by new, more productive ones, the more vigorous the increase in labor productivity. It is most useful to retool at a time when the age of the basic machinery corresponds roughly to economically justifiable age, when the machinery is on the verge of being depreciated. Of course, this must take place in coordination with the development of other branches of the economy. Retooling depends greatly on the development of the toolmaking industry, and on the progress of new development. For this reason toolmaking must proceed at an accelerated pace.

Fixed capital is being vigorously renewed in our country. For example, in the 9th five year period almost 40 percent in industry and 56 percent in agriculture were renewed. In the 10th five year period 36 percent of industrial fixed capital was renewed. (1, p 45; 19) Unfortunately, the new fixed capital is not always sufficiently effective, productivity tends to rise slower than its price, and for this reason it does not guarantee a rise in returns. In the current five year period modernization of machinery will be considerably accelerated, and there is consideration of effective sanctions against production of outdated models.

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A reserve for better utilization of fixed capital is /the optimum use of machinery and production facilities./ This must begin with the timely receipt of new machinery and in the achievement of projected capacity. There have been frequent slowdowns here due to extensive experimentation in debugging the machinery, or due to the fact that preparations for production have not been made (material or energy supply has not been developed, personnel has not been hired, etc.).

The optimal use of machinery presupposes that bottlenecks in plants and departments be removed and that unused reserves be discovered. An important reserve is the better management of auxiliary work. This is not a new problem. Measures have been taken to solve it, but apparently they have been insufficient. What other reason is there to explain the fact that almost half of the industrial workers (including the bulk of auxiliary workers) are still performing manual labor. The main emphasis has been on mechanization of basic production, auxiliary work has been less mechanized. The comprehensive plans for scientific and technical development must include means to mechanize and automate all production, including auxiliary and warehouse labor. The production of machines and devices to perform auxiliary, warehousing and transportation functions effectively must be forced.

An important path to increased productivity is /the rise of the turnover ration of machinery/. The task for increased turnover ration went unfilled during the 10th five year period (in machine building this was to have been from 20-30 percent). This is apparently due to a lack of attention on the part of managers. All the more reason to deal with this problem during the current five year period.

In some enterprises machine use has been negatively affected by excessive downtime. Measures must be taken to reduce planned stoppages (for example, by improved maintenance and better care) and for liquidating unscheduled stoppages. This presupposes that facilities be assured a supply of raw materials, parts, and equipment, that the technical documentation be in order, and that labor and technical discipline be strengthened.

The ways to gain better returns are different in the various branches of the economy and the various enterprises. On the basis of a plant's specific function each collective must /constantly search for ways to use fixed capital better./ If the rate of return has decreased for some time, then this means that the equipment is being used unproductively. This slows the comprehensive development of the economy, the expansion of machinery and consumer goods, and the rise in quality. Even if the rate of return (production per one ruble of fixed capital) would rise by just one percent, industrial production would rise by more than 6 billion rubles a year, rising to 8 billion rubles in 1985 (19). For this reason it is important that effectiveness of fund use and labor productivity rise in step with increases in investments and fixed capital. The necessary reserves can be found in every productive unit.

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

ON THE BASIS OF NEW ECONOMIC METHODS

Tallinn TEHNIKA JA TOOTMINE in Estonian No 4, Apr 82 pp 6-8

[Article by R. Toomsalu, section chief of the ESSR Gosplan]

[Text] This summer three years ago the CPSU Central Committee and the USSR Council of Ministers passed their decree "On the improvement of planning and strengthening of the influence of the economic mechanism on increased production efficiency and work quality." The ministries, other agencies, and collectives and enterprises of the republic have taken some steps to implement the measures outlined in this document. The new economic methods have been widely explained. The ministries have provided the enterprises with the necessary normative documents and methodological instructions, and practical exercises have been held in their use. A republican commission was established within the ESSR Gosplan to audit the implementation of new planning and economic stimulation methods. At the commission meetings the fulfillment of the joint party and government directive has been regularly discussed, and reports by leaders of several agencies have been received and discussed.

First, let us take a look at what has been done to improve planning and to implement new plan indicators and economic norms.

The above-mentioned directive stresses the need to raise planning to a qualitatively new level by increasing the role of long-term planning, by broad use of management by objective programs, and the implementation of scientifically justified norms and regulations. The document states that the most important ways to improve planning consist of the selection of the most effective measures to achieve high final economic results, a rational adaptation of functional and territorial development plans, and of long-term and current plans, improvements in the balances between productive branches and within them, and the assuring of a balanced economic development.

To increase the efficiency of long-term planning the scholars of the ESSR Academy of Sciences' Institute of Economics developed a concept of the development and location of the republic's productive forces. On this basis a schematic representation of the development and location of productive forces until the year 2000 will be developed. This will state the tasks and

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basic indicators for the development of the entire republic and of the various regions, envision a comprehensive use of natural resources, and effectively harmonize functional and territorial development. This scheme will become the basis for preparing the basic directions for the republic's economic and social development for ten years, at the same time it will become a component of the USSR main scheme for emplacement of productive forces (until the year 2000). The ESSR Academy of Sciences has been tasked by the republic's government with developing the scheme.

The list of comprehensive long-range programs was also approved. It contains 11 most important economic, social and territorial programs, such as the food program, increase of productivity in industry and construction, development of transportation, Tallinn development, etc. They will become components of the state five year plan. In addition, there are plans to develop long-range comprehensive programs for establishing mines, construction of new electrical stations, and the mining and use of oil shale. To assure the balance of planned tasks a balance method was widely used in the compilation of the 11th Five Year Plan. Thirty total balances were established. For the first time the financial income and expenditure of the population for every year of the five year period was established, as well as the general ledger of all of the republic's financial resources. To improve functional and territorial planning the soviets of the towns and rayons are consulted more extensively. This will assure the comprehensive economic and social development of the respective areas.

Last May the ESSR Gosplan developed the tasks and means for use of progressive technical and economic norms and standards in planning. These standards improve justification and balancing of plans. In October the republican commission analyzed the implementation of these measures in the national economy. It was stated that they were being implemented slowly. Several ministries and other agencies (ESSR Truck Transport and Highways Ministry, "Estonian Kolkhoz Construction" collective, ETKVL /Estonian Federation of Consumer Societies/, etc.) did not submit required documents in a timely manner (improved normative plans for 1982-1985, audit system for norms and standards, etc.). The commission drew the ministries' attention to the necessity to develop the standard system rapidly and to implement them broadly in planning.

One of the most extensive measures for improving the evaluation of planning and an enterprises' activity is the implementation of a system of net production indicators. Net production represents a new value that a specific enterprise has created for society. The new indicator does not include labor expended in other enterprises, i.e., the cost of raw materials, parts, energy, semi-finished goods, and depreciation. It goes include salaries (base pay and supplementals and contributions to social security) and profit. The net production indicator is used in evaluating the rate of increase, planning for salary funds and in auditing its expenditure, and in calculating fund efficiency and other indicators.

Thus, the net production indicator will become the main general indicator used in industrial planning. At the end of the last year 68 enterprises

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in the republic were using this indicator, including all the enterprises of the Procurement Ministry, the Meat and Dairy Industry Ministry, the Forest and Lumber Industry, and the Food Industry Ministry. This year the overwhelming majority of the republic's industrial enterprises will begin to implement the new indicator (113 union-republic and republic, and 12 all-Union collectives, plants and factories). But in several enterprises insufficient attention is being paid to the analysis of the content and function of the indicator. Some of the engineering-technical personnel do not understand completely the nature of the net production indicator and of the changes in the economy associated with its implementation. After all, we are dealing with a basically new economic indicator, with several problems undoubtedly to arise with its implementation. Therefore the nature of the new indicator must be carefully analyzed at all levels of management, and steps must be taken to remove deficiencies as they arise.

The development of an enterprise passport in new form and on the basis of new indicators has been basically concluded. The passport is a document that contains objective data regarding the existence and use of productive means, the structure of the machinery, the construction of new departments, the seasonal aspect of labor, the technical level and quality of work, etc. A precisely and objectively compiled passport allows for the development of an economically justifiable state plan, the removal of imbalances in the development of enterprises and branches of industry, an improved use of resources, and increased profitability. To increase the benefit of the passport the ESSR Gosplan provided for processing of the resulting data electronically. Electronic data processing requires that uniform data be used in A-1 enterprises. For this reason new uniform passport forms were developed. Unfortunately, some ministries (primarily all-Union) developed their own pass formats that make comprehensive data processing more difficult. Currently the first automated processing stage is underway, the passports of the meat and dairy industry enterprises have been incorporated into the "Dokument" system. During the next stage all the passports of the republic's enterprises will be processed automatically, and the results will be used in planning.

According to the above-mentioned common party and government directive the five year plan will become the basic planning form, with the plans for single years considered parts of it. The directive provides for an active participation of labor collectives in the compiling of five year and single year plans. To further socialist competition and discover internal reserves the collectives develop their individual plans that exceed the five year plan target. It is remarkable that in recent years the number of collectives compiling their individual plans has decreased.

In 1979, 63.1 percent of the enterprises of the republic had their individual plans, last year the number was only 8.6 percent. Almost 40 percent of the enterprises that did not develop their own plans exceeded the state production plan by 2-7 percent. Had these enterprises developed and met their own plans, then their stimulation funds would have increased considerably. But these enterprises did not take advantage of this opportunity.

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Besides improving planning it is necessary to strengthen discipline in meeting plan and contract provisions. Planning discipline in some enterprises does not yet meet the standards established in party and government documents. The above-mentioned directive stresses that the ministries and other agencies must guarantee stable yearly and quarterly plans for their enterprises, and must not promise to adjust the plans downward (according to the actual level of plan fulfillment). But in spite of that some agencies, plants and factories change their quarterly and monthly plans. This is usually due to deficiencies in material-technical supply, arhythmical work, the slow implementation of new machinery, poor maintenance, etc. Last year 77 industrial enterprises did not meet their production obligations for various reasons. To assure better contract fulfillment economic sanctions are being strengthened. The economic organizations have to improve control over plan and contract fulfillment, interfere effectively in any instance of production discipline violation, and assure that the deficiency is quickly eliminated.

In connection with the complicated demographic situation the competent use of labor resources and the increase of labor productivity have become key tasks. The plan limiting workers and employees was distributed to the ministries already in 1980. But some industrial enterprises and construction organizations do not abide by it. The establishment and approval of labor limits in the non-productive enterprises and agencies of the national economy has been slow. The limits must be established in 1982-1985 in all the ministries and other agencies of the republic, and control measures over their fulfillment must be organized.

Certification of manual labor was concluded in most enterprises by early 1981. But still, there were 16 enterprises that had not completed that task by the end of the year. Some ministries and all-union enterprises did not take the results of certification into account when compiling the plans for the 11th five year period and the individual years, and for this reason manual labor is decreasing slower than anticipated. This is true, for example, in enterprises of the meat and dairy, food, and construction materials enterprises, the Estonian Fishing Vessel Maintenance Collective, the Electrotechnical Factory imeni Kalinin, the Maardu Chemical Plant, and other enterprises, where manual labor could decrease more rapidly than planned. Observations indicate that where labor is carried out by brigades and pay is dependent on final results the activity of the workers, the creative initiative and discipline is stronger, consequently, labor is more fruitful. This is true in the "Baltijets" factory, the RET production combine, the "Ilmarine" factory, etc. Last year almost a quarter of the republic's industrial workers worked in brigades under a common mission statement, but only 9.3 percent of the workers received the contributory coefficient in their pay. The ministries and plant managers must pay more attention to the implementation of the brigade method, make material-technical supply more effective, improve accounting and control over pay procedures, and implement self-management within the brigades. Some enterprises plan to include only 30-40 percent of the workers in the brigade method of work and pay during the 11th five year period, even though according to the directive this must become the predominant form for work arrangement by the

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end of the five year period. Ministries and all-Union enterprises must devise means that will assure that at least 60-65 percent of industrial workers and up to 75 percent of the construction workers are included in the brigade method.

Effective reserves for increasing labor productivity are also contained in the application of the Chtchokino method and the development of socialist competition on the basis of the workers' personal and brigade plans, as practiced by the Moscow electrical machine factory "Dynamo." Only 22 enterprises have comprehensively implemented the Chtchokino method. Personal and brigade plans are the basis for work of 57 percent of the republic's industrial workers, but this percentage is considerably lower in the construction materials industry (21.8) and the ETKVL industrial plants (21.2). The ministries must design means to apply the Chtchokino method comprehensively during the 11th five year plan. In order that the application and improvement of that method be taught and applied (taking into account the peculiarities of production) a base plant must be designated in each branch of the industry.

It is most important that existing productive equipment and fixed capital be treated more effectively and with greater care. Methods must be applied to increase the time of optimal use of fixed capital, be it in the year, month or day, without neglecting care and timely maintenance. New capital investments must primarily be directed to reconstruct plants and departments and to retrofit them technically.

Something has been done to increase self-management. Last year the economic stimulation fund establishment was improved. New indicators for fund establishment were approved, as were the norms for material stimulation funds, which will more effectively stimulate intensive development of production and improvements of ultimate results in the national economy. To apply the principles of self-management, 12 ministries and agencies have modified the stipulations of union and republic labor collective regulations. This work is continuing. From the standpoint of applying self-management in ministries it is important that the normative profit distribution system be implemented. Since 1981 the ESSR Food Ministry and the Meat and Dairy Industry Ministry have been using that system. The Ministry of Local industry plans to implement that system in 1984. The other industrial ministries have not yet exhibited any initiative in this area.

Some ministries have paid insufficient attention to the need of establishing a common fund for technical and scientific development. It is now permissible to establish this fund in non-industrial ministries and agencies. But to date only the ESSR Truck Transport and Highway Ministry has such a fund. In order to accelerate scientific and technical progress and speed up new, highly efficient production, there are plans to implement self-management in the industrial ministries' research, construction, development, and construction-technological departments on the basis of performing tasks in development and application through contracts. Here, too, the greatest work still lies ahead. The ministries must establish self-management in these

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organizations more rapidly, and assure a more fruitful financing of science and technology through a common fund.

The above-listed represents only one part of the complex for improving the economic mechanism that will be applied in the republic's economy during the current five year period. Ministries and other agencies and enterprises must develop specific plans for implementing the above-mentioned directive. The majority of industrial ministries and enterprises have done so. But innovations are only slowly being applied in the residential and communal system, in maintenance and construction organizations, and in some other systems as well.

Local party and soviet organs should constantly observe how the means for improving the economic mechanism are being applied in enterprises and organizations.

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